

**Before the
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554**

In the Matter of

CenturyTel, Inc. Request for
Waiver of 47 C.F.R. § 76.1204(a)(1)

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CS Docket No. 97-80
CSR-7178-Z

REPLY OF CENTURYTEL, INC.

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REPLY OF CENTURYTEL, INC.

CenturyTel, Inc. (“CenturyTel”) submits this reply in connection with the Media Bureau’s Public Notice in the above-captioned proceeding.’ CenturyTel filed a petition on March 9, 2007 (“Petition”), which requested a limited waiver of the Commission’s integrated security rule set forth in Section 76.1204(a)(1) of the Commission’s Rules (“Integration Ban”). CenturyTel’s Petition requested a waiver of the Integration Ban so that CenturyTel may continue to place into service refurbished, low-cost, and limited-function Motorola DSR 470 and DCT 2000 set-top boxes until February 17,2009. CenturyTel has committed to transition those systems covered by its Petition to a digital platform by February 17,2009. For all of the reasons explained in the Petition, a waiver of the Integration Ban for these two limited-function, inexpensive set-top boxes would allow CenturyTel to most efficiently and effectively transition its cost-sensitive customers to a digital platform.

Only two parties have filed comments that address CenturyTel’s Petition. Motorola filed comments in strong support of the Petition.’ Motorola’s comments confirm that the set-top

¹ See *In the Matter of CenturyTel, Inc. Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Public Notice, CSR-7178-Z, CS Dkt. No. 97-80.

² See *Comments of Motorola, Inc.*, CS Docket No. 97-80, CSR-7178-Z (filed May 3,2007) (“Motorola Comments”).

boxes covered by the CenturyTel Petition are limited-function boxes of the kind that the Commission has deemed most appropriate for a waiver of its integration security ban.³

Predictably, only the Consumer Electronics Association (“CEA”) filed comments in opposition to CenturyTel’s Petition.⁴ Even a cursory review of FCC Docket No. 97-80 shows that the CEA has adopted a blanket policy of opposing *all* requests for waivers of the Integration Ban. In fact, however, CenturyTel’s Petition covers systems of the kind for which waiver of the Integration Ban is most appropriate.

CenturyTel’s waiver request addresses nine very small analog systems, which together serve a total of approximately 10,000 subscribers. CenturyTel has made diligent efforts to provide quality and cost effective service in the small, rural, and underserved communities that these nine systems cover. And notwithstanding the fact that the economic reality of providing service to these communities is already incredibly challenging, CenturyTel has made a commitment to move these systems to a digital platform by February 2009. CenturyTel’s waiver request was limited in scope to include only two set-top boxes, and it was limited in time to expire on February 17, 2009.

Considering the limited nature of CenturyTel’s request, and the size, number of systems, and subscribers involved, the CEA’s opposition is wrong-headed and wildly overstated in its criticisms. The Commission should not allow the CEA’s opposition to obscure the fact that CenturyTel has endeavored to provide access to cable programming, and to digital signals, in these small and rural communities. Granting CenturyTel’s waiver request will affect approximately 10,000 subscribers — far too small a number to exert a material impact on the

³ *Commercial Availability of Navigation Devices*, CS Docket 97-80, Second Report and Order, 20 FCC Rcd 6794, at 6813-14, ¶ 37 (2005) (“*Second Report and Order*”).

⁴ *See Comments of the Consumer Electronics Association*, CS Docket No. 97-80, CSR-7178-Z (filed May 3, 2007) (“CEA Comments”).

market for navigation or separable security devices — but will allow these subscribers to continue to receive cable service. The cost of compliance with the Integration Ban by July 1, 2007 would make the economic reality of continuing to serve these markets tremendously challenging. CenturyTel has struggled to ensure continuity of service to its subscribers and is working diligently to transition its systems to digital. These are the reasons, and these are the kinds of systems, for which a waiver is most justified. In order to continue to provide service and transition its customers to digital, CenturyTel needs and has requested a limited waiver of the Integration Ban.

The CEA's allegations that CenturyTel has stockpiled new, noncompliant set-top boxes for the past nine years — with no intent to comply with its 76.1204(a)(1) obligations⁵ — are baseless. CenturyTel has some inventory of DSR-470 and DCT 2000 devices. However, the CEA's Comments exaggerate the size of CenturyTel's inventory. As CenturyTel's Petition and Motorola's comments make clear, neither of these set-top boxes is currently manufactured,⁶ and all of the DSR 470 and DCT 2000 set-top boxes that CenturyTel has in inventory are refurbished devices. There is nothing “new” about the DSR 470 or DCT 2000, and the fact that CenturyTel has some inventory of all-refurbished set-top boxes does not demonstrate an intent over the past nine years to stockpile integrated navigation devices or to violate the Integration Ban.

Referencing the 1998 Order in which the Commission announced the separable security requirement, the CEA also suggests that CenturyTel has had nine years' notice that it could not deploy the DSR 470 and DCT 2000 devices.' The Commission's actual Order and its implementing Rule made clear, however, that cable operators would not be required to rely on

⁵ CEA Comments at 1.

⁶ Motorola Comments at 3.

⁷ CEA Comments at 1.

non-integrated technology until January 1, 2005.⁸ In 2000, the Commission extended this deadline to July 1, 2006.⁹ The Commission again deferred the implementation date of Section 76.1204(a)(1) until July 1, 2007.”

A review of these deadlines highlights the deficiency of the CEA’s “notice” allegations. That CenturyTel continued to deploy the DSR 470 and DCT 2000 set-top boxes during this time was reasonable based on the Commission’s January 1, 2005 and then its July 1, 2006 and subsequent July 1, 2007 deadlines. In fact, ignoring the availability of the DSR 470 and DCT 2000 since 1998 would have been financially unjustified. These are the only set-top boxes that would have worked on the systems covered by the Petition without spending millions of dollars to upgrade system headends. Investment in expensive, non-integrated set-top boxes would have meant passing tremendous costs on to CenturyTel’s approximately 10,000 subscribers for system upgrades and navigation devices that provide advanced capabilities they neither needed nor desired. Imposing excessive costs on CenturyTel’s price sensitive customers would have greatly impeded take-up rates for cable systems in the rural areas covered by CenturyTel’s Petition and would have negated the economic viability of continued cable service in these nine small, rural communities.

The CEA argues that CenturyTel cannot meet any of the Commission’s waiver standards. The CEA is wrong.

Section 629(c) of the Telecommunications Act and Section 76.1207 of the Commission’s Rules allow the Commission to grant waivers to aid the development or introduction of new

⁸ *In re Section 304 of the Telecommunications Act of 1996, Commercial Availability of Navigation Devices*, 13 FCC Rcd 14775 (1998); 47 C.F.R. § 76.1204(a)(1) (1998).

⁹ *Implementation of Section 304 of the Telecommunications Act of 1996: Commercial Availability of Navigation Devices*, 15 FCC Rcd 18199, ¶ 1 (2000).

¹⁰ *Second Report and Order*, 20 FCC Rcd. at 6794-95, ¶ 3

multichannel video programming or other services.” CenturyTel’s Petition explained that the continued deployment of limited-function and inexpensive set-top boxes to its most price-sensitive customers for a limited time will help to increase digital take-up rates and will allow CenturyTel to invest in converting its systems to a digital platform. This will free up analog spectrum for the continued development of advanced services. CenturyTel’s digital transition strategy, which upon completion will allow for greater development and introduction of new, multichannel video programming and other services, includes as a critical component the continued deployment of low-cost set top boxes for a limited time to its price-sensitive customers. Both the DSR 470 and the DCT 2000 allow cable customers with analog television sets to access digitally-delivered programming and services. As explained in the Petition, the least expensive CABLECard compliant device that operates on CenturyTel’s systems costs \$245, which is far more expensive than deploying refurbished DSR 470 and DCT 2000 set-top boxes.¹² The more that CenturyTel will be able to deploy low-cost devices capable of receiving a digital signal, the sooner it will be able to transition its systems to a digital platform.

CenturyTel’s Petition also invoked the waiver standard for low-cost, limited-function devices articulated by the Commission’s 2005 *Second Report and Order*.¹³ The *Second Report and Order* describes the set-top boxes most appropriate for a waiver as those low-cost devices that do not “contain personal video recording (“PVR”), high-definition, broadband Internet access, multiple tuner, or other similar advanced capabilities.”¹⁴ The CEA falsely states that the

¹¹ Telecommunications Act of 1996, Pub. L. No. 104-104, § 629(c), (codified as amended at 47 U.S.C. § 549(c)); 47 C.F.R. § 76.1207.

¹² *See In the Matter of CenturyTel, Inc. Request for Waiver of 47 C.F.R. § 76.1204(a)(1)*, Docket No. 97-80 (filed May 9, 2007), at pg. 4-5.

¹³ *Second Report and Order*, 20 FCC Rcd. at 6813-14, ¶ 37.

¹⁴ *Id.*

devices for which CenturyTel requests a waiver contain advanced features, such as Video on Demand and interactive applications. The CEA has inaccurately described the functionality of the DSR 470 and the DCT 2000. CenturyTel's Petition and its Exhibits A and B, which provide detailed specifications for these devices, make clear that neither box is capable of supporting Video on Demand, two-way interactive Pay Per View, high-definition television, or the other advanced capabilities CEA suggests they support. Motorola's Comments in support of CenturyTel's Petition also correctly describe the DSR 470 and DCT 2000 as limited-capability devices which do not support high-definition programming, digital video recording, internet access, or other advanced capabilities.¹⁵ These devices are the most limited and low-cost that Motorola has ever uroduced for U.S. cable operators,¹⁶ and yet the CEA represents them as offering sophisticated and advanced capabilities. The actual technical specifications of the DSR 470 and DCT 2000, as CenturyTel's Petition explained, make them suitable for a waiver under the standard contained in the Commission's *Second Report and Order*.

Finally, the CEA insinuates that CenturyTel is not entitled to a waiver under Sections 1.3 and 76.7 of the Commission's Rules and Section 706 of the Telecommunications Act of 1996 because it plans to do nothing to transition its customers to a digital platform until February 17, 2009, at which point it will spring all-digital programming upon its unsuspecting customers. This allegation also is baseless. CenturyTel's Petition is for a limited waiver, and covers devices deployed to its most price-sensitive customers. The CEA ignores the fact that the devices available to a CenturyTel customer in the nine systems discussed in the Petition are not limited to the DSR 470 and DCT 2000. Customers who request devices capable of supporting more advanced capabilities, such as Video on Demand, Direct Video Recording, or which are

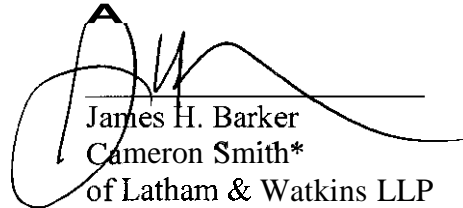
¹⁵ Motorola Comments at 3-4.

¹⁶ *Id.* at 4.

CABLECard compatible can be issued those boxes. Contrary to the CEA's unfounded speculation, CenturyTel is preparing its customers to transition to a digital platform by February 17, 2009 by upgrading its systems and continuing to deploy to its price-sensitive customers devices like the DSR 470 and DCT 2000 that can receive both analog and digital signals.

Granting CenturyTel the limited waiver it has requested will enable CenturyTel to migrate its cost-sensitive customers to a digital platform by February 2009 by continuing to provide a low-cost device that can receive both analog and digital programming. For all the foregoing reasons and those more fully set forth in the Petition, CenturyTel respectfully requests that the Commission grant its waiver request.

Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that, on May 14, 2007, I caused true and correct copies of the foregoing Reply Comments to be served by overnight mail on the following:

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Dated at Washington, D.C. this 14th day of May, 2007.

A handwritten signature in cursive script, reading "Cameron Smith".

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